



CFO Forum Notes

Produced by the OCFO
Office of Communications

Anthony A. Williams, Mayor

Natwar M. Gandhi, Chief Financial Officer

District CFO Creates Community Forum

D.C. Chief Financial Officer **Natwar M. Gandhi** welcomed community leaders last month to the inaugural meeting of the CFO Forum. The forum was established with the assistance of **Eugene Kinlow**, who serves as chairman, as a venue for the various communities within the city that are impacted by the financial health of the District government.

“It is important for appointed officers, such as myself, to reach out to the community and hear the input leaders around the city have to offer,” said Gandhi. “I appreciate the opportunity to explain my role and learn what is important to them.”



CFO Natwar M. Gandhi (left) and Chairman Eugene Kinlow at the first meeting of the CFO Forum. (Picture by Ernest Grant)

CFO Forum members will provide feedback during formulation of the city’s budget and will regularly receive information regarding budget pressures.

The first meeting began with an overview of the District government’s finances, including the city’s financial management policies, FY 2003 spending pressures, and the mayor’s proposed FY 2004 budget. Forum members raised questions about recent D.C. Public Schools budget problems, use of the District’s tobacco funds, Medicaid reimbursements, and special education costs.

The issue that provoked the most discussion concerned the city’s structural imbalance – a term

used to describe the disparity between the services the city must provide and the tax base it has available to support them. As the nation’s capital, Washington, D.C. serves as a city and a state. The District provides state-like services, such as mental health services and the University of the District of Columbia, while assisting the federal government with public works and public safety functions. The city, however, does not have the tax base of a state. Two-thirds of the income generated within the city limits is taxed by Maryland and Virginia, not by the District. Over half of the District’s real property, by area, is exempt from taxation because it is owned by the federal government, non-profits, or educational institutions. The total cost to the District of this structural imbalance has been estimated at over \$1.26 billion annually.

The next CFO Forum is scheduled for June 5, 2003. Members are encouraged to suggest additional invitees for the next meeting and topics for discussion by contacting **Clarice Nassif Ransom**, communications director, at (202) 727-0058 or via email at clarice.ransom@dc.gov. ♦

CFO Forum Attendees (March 27, 2003):

Jacqueline Arguelles	Terry Lynch
James Banks	Oramenta Newsome
A. Scott Bolden	Jackie O’Neil
Rev. Dr. James Coleman	Vince Spaulding
Eugene Kinlow	

FACTS & FIGURES

Size of the Structural Imbalance	Approx. Annual Cost
Constrained income tax base (calculated at 2% tax on non-resident earnings)	\$540 mil.
Inability to tax federal office buildings	\$180 mil.
Inability to tax other federal property	Undetermined
Services delivered to federal government (27% of public works and public safety)	\$240 mil.
State-like services provided	\$500 mil.
Services to D.C. from the federal government	(\$200 mil.)
NET TOTAL	Over \$1.26 bil.